GAO GA1.13:GGD-88-59FS

United States General Accounting Office

GAO

Fact Sheet for the Chairman, Subcommittee on Federal Services, Post Office, and Civil Service, Committee on Governmental Affairs, U.S. Senate

7

April 1988

FEDERAL WORKFORCE

Information on the National Bureau of Standards Personnel Demonstration Project

GAO/GGD-88-59FS

U M Barnes

GAO

United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-230386

April 5, 1988

The Honorable David Pryor
Chairman, Subcommittee on Federal Services,
Post Office, and Civil Service
Committee on Governmental Affairs
United States Senate

Dear Mr. Chairman:

Public Law 99-574 (dated Oct. 28, 1986) authorizes the National Bureau of Standards (NBS) and the Office of Personnel Management (OPM) to plan and carry out a personnel demonstration project. This fact sheet responds to the Subcommittee's request for a report on the progress NBS has made on the project since its authorization and any problems it has experienced.

The project's objectives are to improve NBS' ability to attract and retain highly qualified staff by setting and adjusting salaries comparable in total compensation to those of the private sector. The project began on January 1, 1988, and is expected to last 5 years. During the past year, NBS officials have been carrying out a number of activities in preparation for the project's implementation, including developing new pay and personnel procedures, briefing staff, and surveying employees' attitudes.

In conducting the demonstration, NBS plans to compare the total compensation package paid by NBS and private sector organizations to employees in comparable positions. This will enable NBS officials to identify any gap in total compensation between NBS and the private sector. To the extent funds permit, NBS will close the gap by adjusting NBS salaries annually. Also, NBS will grant merit pay increases on the basis of employee performance. The project includes a simplified job classification system and direct hire authority. NBS has established additional goals of keeping the project "budget neutral" (compensation costs are to be no more than they would be in the absence of the project) by employing fewer or lower-graded people, and of designing and implementing the project in such a manner that its governmentwide applicability can be tested.

We interviewed NBS and OPM officials responsible for planning and implementing the project. In addition, we

gathered and analyzed NBS project planning documents, including reports on a pre-project survey of 2,319 NBS employees and 82 former employees made by an NBS contractor in the fall of 1987. We did not verify the data in the project planning documents. The information we obtained covers NBS and OPM activities between February 1987 and January 1988. We did our field work between August 1987 and January 1988.

According to planning documents, the project included all of NBS' 3,050 white-collar employees. Of this total, about 51 percent were professionals, 18 percent were technicians, 12 percent were administrative, 16 percent were clerical, and 3 percent were in other occupational categories. Scientists, engineers, and mathematicians comprise 98 percent of the professional category. NBS' blue-collar employees are not included in the project.

Important elements of the project include personnel recruitment and retention, compensation comparability, budget neutrality, and project evaluation. The following information highlights NBS' progress and problems with these elements as of the end of January 1988. Because the project had just started, no employees have been hired nor salaries adjusted under the project. For that reason we are providing views of "current" and former NBS employees on recruitment and retention taken mainly from a pre-project survey.

RECRUITMENT

The additional hiring authority under the demonstration project permits NBS to do hiring functions (examination and qualification determination) previously done by OPM. NBS has already implemented the necessary procedures; officials believe these procedures will lead to a significant improvement since they can now deal with prospective recruits directly and hire them more quickly. However, at the time of our work, NBS had not begun to recruit under the project.

NBS project officials report that they have historically experienced difficulties in hiring scientists or engineers with certain types of backgrounds or with doctoral degrees because of salary limitations. However, they said recruitment of other highly qualified employees generally has not been a problem at NBS. The pre-project survey supports this latter view with the following findings:

-- Of 404 employees who reported personal involvement in recruiting or hiring and who were asked to rate the perceived quality of new hires during the previous 3 fiscal years, 85 percent rated them either outstanding (43 percent) or good (42 percent), 15 percent rated them average or below. One percent of scientist/engineer recruits was rated average or below.

-- Most employees who joined NBS within the previous 3 fiscal years indicated that compensation was not a major influence on their decisions to accept jobs at NBS. Scientists and engineers more often cited the work itself or the working environment as the primary reason for accepting the position.

-- Of the 142 scientists, engineers, and technicians hired by NBS in the previous 3 fiscal years, 60 percent said they had other job offers at higher salaries in the private sector.

RETENTION

NBS project officials also do not believe retention has been a major problem at the agency. They said the turnover rate among research and scientific staff, including both resignations and retirements, was 4.7 percent in fiscal year 1987. This rate compares favorably to the governmentwide attrition rate of 7.3 percent for scientists and engineers in fiscal year 1986, the latest OPM data available. Nevertheless, NBS officials cite numerous instances where employees have left for higher salaries. In addition, the pre-project employee survey disclosed that

-- 62 percent of 2,319 respondents covering all occupations believed they could easily find a job outside the agency for a higher salary; 16 percent expressed a strong probability that they would actually look for another job.

-- 28 percent of 82 former NBS employees who left between January and July 1987 cited management factors ("bureaucracy") as the main reason for leaving, 23 percent cited financial aspects, and 23 percent cited the work itself.

TOTAL COMPENSATION COMPARABILITY

The law authorizing the project defines compensation as the total value of basic pay, bonuses, allowances, retirement,

health and life insurance, and leave benefits. NBS planned to use a contractor to develop a measurement system that would compare these compensation elements in the private sector with those at NBS for comparable positions. To do this, NBS negotiated with three firms to make the compensation comparison. However, the prospective contractors had only limited information on employee benefits for positions in the private sector that were comparable to NBS jobs. Consequently, NBS officials are considering either making a comparison on the basis of information that is available or conducting a limited survey of a few firms. NBS officials said they do not have sufficient funds for a comprehensive total compensation study, which NBS officials believe would take at least a year to complete.

BUDGET NEUTRALITY

Public Law 99-574 provides that the demonstration project shall be conducted in a budget-neutral manner for the year that began on October 1, 1986. Although not required to do so by the law, NBS has set an objective to keep the project budget neutral throughout the 5-year demonstration.

To meet this objective, NBS officials told us they expect to pay for the higher salaries anticipated to result from the project by employing fewer or lower-graded personnel. NBS officials said approximately 40 percent of their staff will be eligible for retirement during the demonstration period. They said some of the retiring employees will not be replaced and others who leave will be replaced by employees at lower job grades.

PROJECT EVALUATION

In addition to the external evaluation by an OPM contractor required by law, NBS planned its own internal evaluation to establish baseline information and to be able to respond to outside inquiries about the progress of the project. NBS planned to collect evaluation information through the use of annual employee attitudinal surveys. An evaluation task force also identified other data needed and, with OPM's assistance, developed an evaluation model which NBS offered to OPM for its use in the external evaluation. NBS officials said the extent to which they will continue with the internal evaluation depends on whether the OPM evaluation meets NBS' needs. OPM awarded the evaluation contract in late January 1988 and asked the contractor to expand on the evaluation model.

B-230386

As arranged with the Subcommittee, copies of this fact sheet are being sent to the Director, OPM; the Director, NBS; and to others upon request. If you or your staff have any questions concerning this fact sheet, please contact me on 275-6204.

Sincerely yours,

Rosslyn S. Kleeman

Rosslyn S. Kleeman
Senior Associate Director

(966302)

5

Requests for copies of GAO reports should be sent to:

U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877

Telephone 202-275-6241

The first five copies of each report are free. Additional copies are $2.00 each.

There is a 25% discount on orders for 100 or more copies mailed to a single address.

Orders must be prepaid by cash or by check or money order made out to the Superintendent of Documents.